

# World trade falls further in protectionist headwinds

Latest figures show that world trade continues to decline amid increasing protectionist tensions



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**-0.8%** Decline in world trade growth  
June (month-on-month)

World trade growth declined -0.8%(MoM) in June, amid protectionist fears. In fact, with an average monthly growth rate of -0.01%, world trade is not growing in 2018.

Although it might be tempting to think this is due to the ongoing trade war, the direct role of tariffs in all this is small to none. Some of the most significant tariff measures only took effect from June. All tariffs introduced as part of the trade war still only account for 1% of global trade. Although the value of trade directly affected by tariffs is small, it's possible that the escalating tensions have affected volumes by raising costs in supply-chains and investment plans.

Supply chain fragmentation, a strong driver of trade growth before the crisis, is also no longer supporting growth. Given that, and current protectionist headwinds, we expect world trade not to

grow above the current level. We're forecasting average annual growth for this year at 2.7%. Since we forecast no growth in levels during 2018, this growth rate is driven by the difference in average trade over 2017 and trade levels at 2017 year-end.

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